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Mr. Stevenson ~~from Spain~~ came with one of his associates to the office, to complete the transaction over my six tapestry George I chairs. He ~~was~~ ^{finished} working with Mr. Waddington when I bought them from the latter. We ~~finished~~ this business, and took up that of the possible sale of some of my narwhal tusks, but ~~the~~ ^{the} transaction fell through.

John Newhouse, who is preparing a book on Franco-American relations since the return to power of General deGaulle, came to see me, introduced by Ben Moore of the Twentieth Century Fund. Newhouse is being supported in this project by the Twentieth Century Fund, the Kennedy Institute at Harvard, and the European Institute at Columbia. I had a most enjoyable time with this bright scholar, and he is returning after a trip to Paris to see me in a couple of weeks.

We had an office party, with champagne, in the late afternoon, to award a State Department Certificate of Merit and a personal gift from all of us to Ruth Merrell, who is retiring tomorrow. She expects in the future to spend half her time in Mallorca, and the other half in London. She has been a wheel horse here for 13-1/2 years, and will be greatly missed.

It is amazing how in the face of ~~an unsatisfactory~~ ^{an unsatisfactory} economic situation the number of fox hunting packs in Britain has held up. There are 200 packs in the island recognized by the Masters of Foxhounds Association, and 30 in Ireland, a greater number than there were before the war. The nature of hunting has of course changed greatly, since there remain few Masters who bear the entire ~~exp~~ expenses out of their own pockets. Most support now comes from land owners, tenants and contributors, who like to ride ~~the~~ ^{the} hounds. It is reckoned there are about 50,000 people mounted on horseback who attend hunts every week. In addition, many follow the proceedings in automobiles or on foot.

There is a prevalent misunderstanding about the amounts of American loans and grants to the Mideast in the last ten years. The United States has given to Israel over that period 675 million dollars of economic aid, and 30 million in military aid, whereas the comparable figures for the Arab nations are 34 billion and 300 million.

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This whole affair will stagger the British people and cause a tremendous disturbance in Parliament. The banks and stock exchanges will be closed Monday, and it will be some time before one knows what will be the real reaction domestically and abroad. One of the most important factors is the manner in which the British public might accept voluntary restraints on wages and prices. The Prime Minister omitted any reference to the possibility of reimposing mandatory controls.

In the course of the evening, I received a message to telephone Eugene Rostow

I somehow managed to answer his questions. The first was whether the proposed 100 million pound reduction in defense expenditures would affect the present dispositions of British troops in foreign countries. I answered that it was expected not to do so, since this curtailment would be so applied as not to disrupt the agreed foreign engagements. His next inquiry was as to the political impact on the Government resulting from these severe proposals. I answered that I thought the Prime Minister would be fiercely assailed but would remain in power. His reputation and popularity would undoubtedly be adversely affected, but I doubted if Labor politicians would have a craving to commit mass suicide.

Gene expressed his worries over the Cyprus affair, asking me to get in touch with the British Government to try to strengthen cooperation between them and ourselves on trying to preserve peace in that area. (I attended to this later in the evening and found, as I expected, there was no real difference of opinion between us.) I spoke to him as I had a few days ago to ~~John~~ John Leddy, about what seemed to me the importance of key officials in the State Department keeping ~~themselves~~ themselves fully aware of Treasury negotiations in respect to the British financial difficulties. He said coordination between State and Treasury on this subject had been inadequate, and I should make frequent reports on how the situation developed in the next few days.

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I aroused several of our Section Chiefs to suggest things we should attend to tomorrow morning, then went somewhat depressed to bed.

November 13, 1967 - Sunday

The first order of business at the office this morning was to track down King Hussein, who is somewhere in the country visiting his daughter, to deliver a message from the President. Steve Palmer accomplished this, and gained the unexpected impression that the compromise UN resolution advocated by the President would probably meet with Hussein's approval.

Phil Kaiser left yesterday on home leave, and will not be back in less than sixty days. His younger brother is dying of cancer in Connecticut.

I talked with Messrs. Cleveland, Griffin, Brubeck and Spiers about preparing round-ups on the situation here. The morning newspapers chewed over last night's announcements, but little optimism although some relief was expressed in their columns. The immediate feeling of the few Britishers to whom I have talked is one of complete uncertainty as to how they will be personally affected, by what is in prospect. The standard of living will undoubtedly decline somewhat as costs rise. The British are such a disciplined people they will support any policy they believe calculated to redress their unfavorable situation, but the credibility of the Prime Minister and his Government is extremely low.

Lunched at home and returned to the office in the afternoon. I went over with Cleveland and Brubeck telegrams they had drafted; sent off tonight, they were:

I went to see Diana Phipps at six o'clock and watched the Prime Minister on television. If ever a man was on a sticky wicket, he was. The father image was present, and he handled his declaration smoothly. It did not seem to me, however, convincing, for having consistently stated that devaluation would be harmful to British interests he now has to make a turn-about and point out its advantages in the long run. I have always believed devaluation would come about as it did because of external pressures rather than by voluntary action. Nevertheless, the effects are the same. The PM appealed to the people to restrain any covetous

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Paul Gore-Booth ~~invited me to the Foreign Office this morning~~ ^{have}. He wanted to thank the Embassy for the cooperative spirit in which they ~~had~~ kept his people informed on happenings in Greece, Turkey and Cyprus. We went on to discuss Common Market prospects, and he felt, as I do, it would be inopportune to suggest at this time serious study of alternatives.

I lunched with Cecil King at the Daily Mirror. He is hotter than ever against the Prime Minister, with whom he had an hour-long meeting last week. King has not decided whether the PM is whistling to keep up his courage, or whether his self-assurance is undiminished by the recent crisis. He would like to see Denis Healey in the Foreign Office instead of George Brown. He does not know whether Roy Jenkins is tough enough to make what he regards as necessary and unpalatable economic and financial decisions; even if he is, he doubts they would carry in Cabinet. He believes the measures recently proposed offer no real incentives to industrials and bankers, and fears the pound may be devalued again in 1968. If it is, King envisages a coalition government, in which Harold Wilson would not be included.

This forecast is no more pessimistic than ones previously made by him. I am, however, inclined to share the view that without mandatory controls, wages and costs will rise, the standard of living will go down, and there will be general dissatisfaction. If the Government were bold enough to make needed changes in the tax system and offer real incentives to business, the situation might right itself, but such action is politically difficult and improbable.

John Newhouse came to see me again for the third time. Conversation with him is always stimulating.

Francis Mason dropped in to say good-bye. He asked me to write letters on his behalf to President Kingman Brewster of Yale, and to Thomas Hoving, Director of the Metropolitan Museum of Art, which I shall gladly do.

The Prime Minister sent for me this afternoon. I entered through the postern gate, and had a preliminary talk with Michael Palliser while the PM was still at the House of Commons. ^{The PM} ~~He~~ talked about a trip to Washington, where the President

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December 8, 1967 - Friday

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Jeeb Hallaby, now Executive Vice President of Pan American, called with Bill Lyons. We talked about the magnitude of civil airline purchases of aircraft. In Pan American's case they will soon have 750 million dollars worth of planes on order, and the total on order for American transport companies will be more than four billion dollars. The result of this poses difficult financial problems. Later today he is seeing Roy Jenkins, whom he ~~met~~^{knew} when Jenkins was Air Minister. Hallaby says the Franco-British ~~Concorde~~ Concorde project is proving so expensive he wonders if the British Government will care to continue ~~it~~ it.

I lunched at the Garrick Club with Tony Lewis. He is an admirer of Jenkins, but feels he has almost an impossible task ahead of him. Tony is a close friend of the guardian of my grandchildren, John Simon. Simon will soon have to decide whether he will leave Yale permanently and live in New York, mingling his own family with his wards. I have often thought it would be better if the children moved to New Haven, where their lives would be passed in far simpler surroundings than if they remain in New York. This is a painful decision for Simon and his wife to make, for since he was named in the will as guardian and given a large bequest, he has to balance an obligation of loyalty against a change which in many respects would seem preferable.

I went across town on my way from the Garrick to sign the book of condolence at the Uruguayan Embassy, in connection with the death of the President, General Oscar D. Gestido.

Dick Gardner, a brilliant fellow, of Columbia University, formerly Deputy Assistant Secretary for International Affairs, came to see me this afternoon. He is lecturing widely in Europe and Britain under the auspices of the State Department.

Griffith Johnson, Executive Vice President of the Motion Picture Export Association, brought Leo Hochstetter, their London representative, to call. They say with the present volume of money the American industry pours into Great Britain they anticipate no early trouble over quotas against American produced pictures.

We obtained further information today about the activities of Los Angeles Times correspondent Kraslow, and sent off this telegram:

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